
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 7.21.2009

Wall Street Journal, Bernanke: "The Fed's Exit Strategy ... My colleagues and I believe that accommodative policies will likely be warranted for an extended period. At some point, however, as economic recovery takes hold, we will need to tighten monetary policy to prevent the emergence of an inflation problem down the road."

Wall Street Journal: "Bernanke Heads to Congress Battling Calls to Tame the Fed ... As Mr. Bernanke heads to Capitol Hill today for two days of testimony on the economy, the central bank is fending off attacks on many fronts from critics who want to rein in its power and autonomy."

Wall Street Journal: "Treasury Is Criticized Over TARP ... The special inspector general overseeing the \$700 billion financial-sector bailout said the Treasury Department isn't disclosing enough information about how taxpayer money is being spent."

Wall Street Journal: "CIT Buys Time, But Fate Rests With Regulators ... CIT Group Inc. put the finishing touches on a \$3 billion private-sector rescue plan, as new details emerged showing how the lender's long-term success may still hinge on the mercy of its regulators and debtholders."

Wall Street Journal: "Morgan Stanley Gets AIG Role ... Morgan Stanley has been named as a primary financial adviser for any public offerings or divestitures for units of American International Group Inc., according to documents released by the New York Federal Reserve."

New York Times: "Big Estimate, Worth Little, on Bailout ... Neil M. Barofsky, the special inspector general for the Troubled Asset Relief Program set up by the Treasury Department, came up with the largest number yet in testimony prepared for delivery Tuesday to a House committee. "The total potential federal government support could reach up to \$23.7 trillion," he stated."

USA Today: "Credit issuers factor customer deposits into approval, limits ... As banks look for ways to manage their risk amid surging loan losses, they're increasingly making credit card decisions based on whether you have a bank account with them - and how much you have in it."

Los Angeles Times: "CalPERS expected to report losing nearly one-quarter of investment portfolio ... The estimated \$56.8-billion drop at the U.S.' largest pension fund, the second annual loss in a row, would have a huge effect on what state and local governments must shell out to support retirees."

MarketWatch: "CIT confirms \$3 billion in rescue credit deal ... CIT Group Inc. late Monday confirmed that it has obtained \$3 billion in rescue financing from bondholders aimed at helping the embattled lender avoid bankruptcy, and announced a tender for debt due Aug. 17 in which it would pay creditors 82.5 cents on the dollar."

Forbes, Roe: "What Happens When The Government Enters The Ring? ... Several core transactions in the financial crisis have the government in a dual role, as simultaneously being a regulator and a market-like player. It's as if the referee in a sport started fielding his own team. Even first-rate refs doing their job well, and as fairly as they can, can distort how everyone else plays the game, once the referee becomes a player too."

Politico: "Bailouts could cost U.S. \$23 trillion ... A series of bailouts, bank rescues and other economic lifelines could end

up costing the federal government as much as \$23 trillion, the U.S. government's watchdog over the effort says - a staggering amount that is nearly double the nation's entire economic output for a year."

Politico: "Parties haggle over TARP fund returns ... Lawmakers still fighting over last year's Wall Street bailout have a problem they didn't expect to deal with so soon: what to do with the billions already being returned to the Treasury by financial institutions."

The Hill: "IG charges Treasury failed to adopt bailout safeguards ... The government's top watchdog over the \$700 billion financial rescue package said the Treasury Department has "repeatedly failed" to adopt his recommendations that would make the program more transparent and accountable to taxpayers."